

Message Text

CONFIDENTIAL

PAGE 01 STATE 242293

14
ORIGIN L-01

INFO OCT-01 SS-14 ISO-00 ARA-06 EB-03 CIAE-00 NSC-05

NSCE-00 TRSE-00 H-01 INR-05 INRE-00 OES-02 SP-02

SSO-00 /040 R

DRAFTED BY L:SMSCHWEBEL:CDJ

APPROVED BY ARA:JGRUNWALD

ARA/AND:JAALLITTO

EB/IFD/OIA:RJSMITH

----- 061534

O 292138Z SEP 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY QUITO NIACIT IMMEDIATE

CONFIDENTIAL STATE 242293

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, EC

SUBJECT: GULF DISPUTE

1. WE SUGGEST YOU PROPOSE TO GOE THAT THE ASSURANCES OF PURCHASE OF GULF'S ASSETS BE CONTAINED IN A NOTE TO USG WHICH WOULD HAVE FOLLOWING INTRODUCTION.

2. BEGIN TEXT. ON THE CONDITION THAT, BEFORE OCTOBER 1, 1976, GULF ECUADORIAN OIL COMPANY DEPOSITS IN THE NORMAL MANNER TO THE CREDIT OF THE GOE THE WHOLE OF THE SUM REMAINING DUE FROM IT TO THE GOE, WHICH THE GOE UNDERSTANDS TO TOTAL \$25,812,338.16, THE GOE WISHES TO INFORM THE EMBASSY OF THE USA OF THE FOLLOWING DETERMINATIONS OF THE GOE:

(A) THE GOE EXTENDS TO THE USG THE ASSURANCES OF INTENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 242293

TO PURCHASE THE ASSETS OF GULF ECUADORIAN OIL COMPANY,

AS SPECIFIED BELOW;

(B) THE CENTRAL BANK OF ECUADOR HAS CREDITED GULF ECUADORIAN OIL COMPANY ON THE GROSS AMOUNT IT OWED THE GOE THE SUM OF \$27,111,044.10, WHICH REPRESENTS THE AMOUNT REMITTED BY GULF TO THE GOE FOR SALES OF ECUADORIAN CRUDE OIL LOADED BETWEEN 22 FEBRUARY AND 15 AUGUST 1976;

(C) THE CENTRAL BANK OF ECUADOR WILL DELIVER TO GULF IN IMMEDIATELY AVAILABLE FUNDS GULF'S SHARE OF THE GROSS PAYMENT OF \$25,812,338.16.

THE ASSURANCES OF INTENT OF THE GOE TO PURCHASE THE ASSETS OF GULF ECUADORIAN OIL COMPANY FOLLOW: END TEXT.

3. THEN THE GOE NOTE WOULD SET OUT THE FINAL FORM OF THE GOE ASSURANCES TO PURCHASE GULF'S ASSETS. WE CONTEMPLATE THAT YOU WOULD AT THE SAME TIME PASS TO THE GOE A DRAFT OF THE NOTE WITH WHICH YOU WOULD ACKNOWLEDGE THE GOE COMMUNICATION SET OUT IN PARAS. 2 AND 3 OF THIS MESSAGE, AS FOLLOWS.

4. BEGIN TEXT. THE EMBASSY OF THE USA HAS THE HONOR OF ACKNOWLEDGING RECEIPT OF THE NOTE OF THE GOE DATED SEPTEMBER 30, 1976, WHICH READS AS FOLLOWS....

ON BEHALF OF MY GOVERNMENT, I WISH TO EXPRESS APPRECIATION FOR THE DETERMINATIONS AND ASSURANCES WHICH THE NOTE OF THE GOE CONTAINS. WITHOUT PREJUDICE TO ITS ESTABLISHED POSITION ON THE INTERNATIONAL LEGAL PRINCIPLES RESPECTING THE ACQUISITION AND VALUATION OF FOREIGN-OWNED ASSETS, MY GOVERNMENT ACCEPTS AND TRANSMITS THE DETERMINATIONS AND ASSURANCES OF THE GOE IN THE CONFIDENCE THAT EARLY CONSUMMATION OF PURCHASE OF GULF'S ASSETS IN ACCORDANCE WITH THEIR TERMS WILL LEAD TO A SETTLEMENT MUTUALLY ACCEPTABLE TO ECUADOR AND TO GULF AND THUS RESOLVE A PROBLEM IN THE JOINT INTEREST OF THE GOVERNMENTS OF ECUADOR AND THE UNITED STATES. SUCH A RESOLUTION IN TURN WILL CONTRIBUTE TO ENHANCING THE CLIMATE FOR FOREIGN INVESTMENT IN ECUADOR.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 242293

I HAVE THE HONOR OF TRANSMITTING TO YOUR GOVERNMENT HEREWITH ASSURANCES BY THE GULF OIL COMPANY TO THE USG THAT GULF WILL PUNCTILIOUSLY HONOR ITS OBLIGATIONS TO PAY ALL SUMS THAT WILL COME DUE TO THE GOE, IN THE CONFIDENCE THAT THE OBLIGATIONS OF THE GOE PURSUANT TO THE DETERMINATIONS AND ASSURANCES OF THE GOE SET OUT ABOVE WILL BE IMPLEMENTED. END OF TEXT. ROBINSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, DISPUTE SETTLEMENT, AGREEMENT DRAFT, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 SEP 1976
Decapton Date: 28 MAY 2004
Decapton Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE242293
Document Source: CORE
Document Unique ID: 00
Drafter: SMSCHWEBEL:CDJ
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760367-1233
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976096/aaaaaeou.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by SmithRJ>; APPROVED <04 NOV 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF DISPUTE
TAGS: ENRG, PFOR, EC, GULF OIL
To: QUITO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006